

AMENDED IN ASSEMBLY AUGUST 14, 2006

AMENDED IN ASSEMBLY JUNE 26, 2006

SENATE BILL

No. 746

Introduced by Senator Vincent

February 22, 2005

An act to amend Sections 19533 and 19601 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

SB 746, as amended, Vincent. Horse racing.

Existing law gives the California Horse Racing Board the authority to regulate horse racing and parimutuel wagering on horse races in California. The board sets the standards for the types of races that may be run and the types of horses that may be run, within statutory guidelines. Existing law allows the board to grant licenses to an association only for races between horses of a single breed, but allows some thoroughbred and Appaloosa horses to run in races shorter than 5 furlongs with other breeds, subject to specified conditions.

This bill would restrict the number of thoroughbred horses in these races to less than half unless given the consent of the quarter horse horsemen's association that is contracting with the association running the race.

Existing law requires satellite facilities to show and accept wagers on all other live horse races in the state.

~~This bill would create exemptions, as specified, in the southern and northern zones. This bill would require a quarter horse racing association in the southern zone to show races of a harness racing association in the northern zone, and would require a harness racing association in the northern zone to show races of a quarter horse~~

racing association in the southern zone, as specified. The bill would require each racing association to pay the other an additional 5% of the amount wagered on the satellite races at their respective facilities, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19533 of the Business and Professions
2 Code is amended to read:
3 19533. (a) Any license granted to an association other than a
4 fair shall be only for one type of racing, thoroughbred, harness,
5 or quarter horse racing as the case may be, except that the board
6 may authorize the entering of thoroughbred and Appaloosa
7 horses in quarter horse races at a distance not exceeding five
8 furlongs at quarter horse meetings, mixed breed meetings, and
9 fair meetings. If the board authorizes the entering of
10 thoroughbred or Appaloosa horses in quarter horse races, the
11 following conditions shall be met:
12 (1) Any race written for participation by quarter horses,
13 Appaloosas, and thoroughbreds shall be written as quarter horse
14 preferred.
15 (2) The number of races written as quarter horse preferred at a
16 distance exceeding 870 yards shall not exceed more than three
17 races per program without the consent of the quarter horse
18 horsemen's organization contracting with the association.
19 (3) More than one-half of the races on any program shall be
20 for quarter horses at a distance not to exceed 550 yards, unless
21 the consent of the quarter horse horsemen's organization is
22 received.
23 (4) Mixed races with Appaloosa and quarter horses may only
24 be written with the consent of the quarter horse horsemen's
25 organization contracting with the association.
26 (5) Thoroughbreds shall constitute less than half the number of
27 horses in these races although an exception may be granted on a
28 race-to-race basis with the consent of the quarter horse
29 horsemen's organization contracting with the association.
30 (b) The association that conducts the meeting shall pay to a
31 thoroughbred trainers' organization an amount for a pension plan

1 for backstretch personnel to be administered by that trainers'
2 organization equivalent to 1 percent of the amount available to
3 thoroughbred horses for purses. The remainder of the portion
4 shall be distributed as purses. Any redistributable money paid to
5 the board pursuant to Section 19641, which is paid to a welfare
6 fund established by a horsemen's organization from races with
7 both thoroughbred and quarter horses, shall be divided pro rata
8 between the two welfare funds based on the number of
9 thoroughbreds and quarter horses in the race.

10 (c) (1) Notwithstanding any other provision of law, any
11 association licensed to conduct quarter horse racing may apply to
12 the board for, and the board shall grant, authority to conduct
13 thoroughbred racing as part of its racing program if all of the
14 following conditions are met:

15 (A) The thoroughbred races are for a claiming price of not
16 more than five thousand dollars (\$5,000), and at a distance of
17 four and one-half furlongs or less. The races may not be stakes,
18 allowance races, or maiden allowance races.

19 (B) More than one-half of the races on any program shall be
20 for quarter horses at a distance not to exceed 550 yards, unless
21 the consent of the quarter horse horsemen's organization is
22 received.

23 (C) The consent of the quarter horse horsemen's organization
24 contracting with the association is obtained with respect to the
25 inclusion of thoroughbred racing.

26 (2) The quarter horse racing association conducting
27 thoroughbred racing pursuant to this subdivision shall pay to a
28 quarter horse horsemen's organization the amount specified in
29 subdivision (e) of Section 19613, and an amount for a pension
30 plan for backstretch personnel to be administered by a
31 thoroughbred trainers' organization equivalent to 1 percent of the
32 amount available to thoroughbred horses for purses. The
33 remainder of the portion shall be distributed as purses. The
34 quarter horse racing association shall also deduct the appropriate
35 amount to comply with subdivision (a) of Section 19617.2 for
36 distribution to the thoroughbred official registering agency.

37 SEC. 2 Section 19601 of the Business and Professions Code
38 is amended to read:

39 19601. (a) Notwithstanding any other provision of law, a
40 licensed association or fair that is conducting a live meeting in

1 any racing zone may accept wagers on any race conducted in this
2 state, if all of the following requirements are met:

3 (1) The association or fair that conducts the racing meeting
4 and the organization that is responsible for negotiating purse
5 agreements on behalf of the horsemen participating in that racing
6 meeting consent to the acceptance of the wagers. However, if
7 consent is withheld, any party may appeal the withholding of
8 consent to the board, which may determine that consent is not
9 required.

10 (2) The association or fair conducts not less than eight races
11 on days when the association or fair is licensed to conduct racing,
12 except that fewer than eight live races per day may be conducted
13 by the mutual agreement of the association or fair and the
14 organization that is responsible for negotiating purse agreements
15 on behalf of the horsemen participating in the racing meeting.

16 (3) Wagering is offered only within the association's or fair's
17 racing inclosure or within the satellite wagering facility and only
18 within seven days of the commencement of the racing program
19 with the transmitted race.

20 (4) All wagers are included in the appropriate parimutuel pool
21 at the racetrack of the association or fair where the race is
22 conducted, or, in the appropriate parimutuel pool of the racetrack
23 of the association or fair that accepts the transmitted race.

24 (5) The association or fair accepting wagers on an out-of-zone
25 transmitted race distributes the audiovisual signal of the race to,
26 and accepts wagers from, all eligible satellite wagering facilities.

27 (b) Any association or fair accepting wagers under subdivision
28 (a) shall deduct, from the total amount handled in each
29 conventional and exotic parimutuel pool on the transmitted race,
30 the same percentages deducted pursuant to Article 9.5
31 (commencing with Section 19610) for races at its own meeting.
32 However, if the wagers are from a quarter horse race meeting,
33 then the amounts deducted shall be the same as for a quarter
34 horse race meeting. Amounts deducted under this section,
35 including amounts deducted from wagers on out-of-zone races
36 within the inclosure of the association or fair, shall be distributed
37 as provided under Sections 19605.7, 19605.72, and 19605.73
38 with respect to wagers made within the northern zone, or
39 Sections 19605.71, 19605.72, and 19605.73 with respect to
40 wagers made within the central or southern zone, except that

1 amounts distributed for purposes other than state license fees and
2 fees payable to the Center for Equine Health, School of
3 Veterinary Medicine, University of California at Davis, and the
4 California Animal Health and Food Safety Laboratory shall be
5 proportionally reduced by the amount of any fees paid to the
6 Triple Crown or Breeder's Cup day host association pursuant to
7 subdivision (c). The method used to calculate the reduction in
8 proportionate share shall be approved by the board. For wagers
9 on out-of-state and out-of-country races made within the
10 association's or fair's inclosure, 1 percent shall be distributed to
11 the association or fair as a satellite wagering facility commission.

12 (c) Nothing in this section precludes an association or fair
13 from charging a fee as a condition of transmitting the Triple
14 Crown or Breeder's Cup day races, except that any fee shall be
15 allocated among all associations, fairs, and satellite wagering
16 facilities receiving the transmitted race in proportion to the
17 amount wagered at each location, and the fee shall equal that
18 charged by the entity conducting the race or races. Further, the
19 only fee that can be charged as a condition of transmitting the
20 signal of an out-of-zone race shall be a fee of 2.5 percent on
21 Breeder's Cup day races.

22 (d) All breakage and unclaimed tickets, including unclaimed
23 refunds, shall be distributed equally between the association or
24 fair that accepts wagers on the transmitted race, and the
25 horsemen, in the form of purses. The purse moneys generated by
26 this subdivision shall be made available for purses during the
27 meeting in which they are received by the association or fair, or,
28 if the association or fair is not then conducting a live racing
29 meeting, during the next succeeding meeting of the association or
30 fair.

31 (e) All wagers made pursuant to this section shall be
32 considered to have been wagered at a satellite wagering facility
33 and shall be excluded from total handle for the purposes of
34 Section 19611.

35 (f) Notwithstanding Section 19530.5, satellite wagering
36 facilities operated by a fair, in the Counties of Fresno, Kern, or
37 Tulare shall be considered northern zone facilities and shall
38 receive their audiovisual signal from the association or fair
39 conducting a racing meeting in the northern zone that is
40 authorized to distribute the signal and accept wagers on central

1 and southern zone races. Satellite wagering facilities operated by
2 a fair, in the Counties of Santa Barbara or Ventura shall be
3 considered central-southern zone facilities and shall receive the
4 audiovisual signal from the association or fair conducting a
5 racing meeting in the central or southern zone that is authorized
6 to distribute the signal and accept wagers on northern zone races.

7 (g) All purse moneys derived from wagering on out-of-zone
8 races at fair racing meetings shall be distributed to all breeds of
9 horses participating in the fair meeting in direct proportion to the
10 purse money generated by breed on live races conducted during
11 the fair race meeting.

12 (h) During calendar periods when both a fair and a
13 thoroughbred association conduct live racing, the amounts
14 deducted under this section shall be distributed on any day of
15 overlap as provided in Section 19607.5, except that the
16 applicable state license fee shall be at the rate specified for
17 nonfair meetings in subdivision (b) of Section 19605.7.

18 (i) During calendar periods when a thoroughbred association
19 and a fair, or a thoroughbred association and any other breed
20 association are conducting a racing meeting in the same zone, the
21 thoroughbred association shall be the association authorized to
22 distribute out-of-zone, out-of-state, or out-of-country
23 thoroughbred or fair races, except that the thoroughbred
24 association may waive this right and allow the other breed racing
25 association conducting a race meeting to distribute the signal and
26 accept wagers on out-of-zone, out-of-state, or out-of-country
27 thoroughbred or fair races for any racing day or days. For the
28 purposes of this subdivision, the combined central and southern
29 zone shall be considered one zone.

30 (j) In order to ensure, to the extent possible, that out-of-state
31 and out-of-country simulcasting, furthers the purposes of this
32 section, a committee made up of one representative from each of
33 the then-operating thoroughbred associations or fairs that are
34 conducting a live racing meeting in the state and one
35 representative of the organization responsible for negotiating
36 purse agreements on behalf of the horsemen participating in the
37 meeting shall do the following:

38 (1) Determine the out-of-state or out-of-country thoroughbred
39 races to be imported on a statewide basis pursuant to provisions
40 of this chapter.

1 (2) Ensure, to the extent possible, that the fees charged by
2 out-of-state or out-of-country entities for these signals are at the
3 lowest obtainable rate and at the same rate statewide, in order to
4 maximize the revenue available to in-state associations and fairs
5 and their horsemen.

6 (3) Ensure, to the extent possible, due to the reciprocal nature
7 of the interstate simulcasting business, that the maximum
8 obtainable revenue is generated by the sale to out-of-state entities
9 of the audiovisual signal of races conducted in this state by
10 thoroughbred associations and fairs.

11 (4) Ensure that program information requirements for in-state
12 signals comply with the standards of the board, but provide that
13 abbreviated program formats may be used for races imported
14 from other jurisdictions.

15 (k) Notwithstanding any other provision of law, any
16 thoroughbred association or fair, when operating a live racing
17 meeting, shall distribute the signal of all races conducted by, or
18 disseminated by, that association or fair to, and accept wagers on
19 these races from, any association that is licensed to conduct a live
20 quarter horse or harness racing meeting in Orange County and
21 that conducted such a meeting in 1998.

22 (l) Notwithstanding any other provision of law, all
23 associations or fairs when operating as eligible satellite wagering
24 facilities shall be in compliance with, and subject to the
25 provisions of, Article 9.2 (commencing with Section 19605) of
26 this chapter, and shall display the signal and accept wagers on all
27 live races conducted in this state without regard to breed.
28 Notwithstanding the foregoing provision, a thoroughbred racing
29 association located in the City of Arcadia is exempt from these
30 requirements for live harness and quarter horse races conducted
31 at night unless the thoroughbred racing association facility is
32 open for business at that time and is accepting wagers on other
33 night signals pursuant to this chapter.

34 ~~Additionally, a quarter horse racing association located in the~~
35 ~~southern zone is exempt from these requirements for live harness~~
36 ~~races on those nights when live quarter horse racing is conducted~~
37 ~~unless there is a written agreement between the harness and~~
38 ~~quarter horse racing associations and the quarter horse racing~~
39 ~~associations agree to accept wagers on live harness races. A~~
40 ~~harness racing association located in the northern zone is exempt~~

~~from these requirements for live quarter horse racing on nights when live harness racing is conducted unless there is a written agreement between the quarter horse and harness racing associations and the harness racing association agrees to accept wagers on live quarter horse races, regardless of whether the harness racing association is the entity that operates the satellite wagering facility in the northern zone. Any impact fee agreed to by these associations shall be no greater than 5 percent of the amount wagered at the satellite facility.~~

A quarter horse racing association located in the southern zone shall display the signal and accept wagers on all races imported by, or conducted by, a harness racing association conducting racing in the northern zone. A harness racing association in the northern zone shall display the signal and accept wagers on all races imported by, or conducted by, a quarter horse racing association conducting racing in the southern zone. On those nights when both the harness racing association in the northern zone and the quarter horse racing association in the southern zone are conducting live racing, the audiovisual signal of both breeds shall be displayed and wagers shall be accepted on both breeds at each of the locations where the live racing is being conducted, and each association shall display the audiovisual signal and accept wagers on the other association's live or imported races throughout their respective facilities, as they do when they are conducting satellite wagering during other periods of the same day. Each association shall pay the other an additional 5 percent of the amount wagered at their respective facilities on the races imported by, or conducted by, the other racing association. With respect to harness racing, the additional 5 percent received by the harness racing association pursuant to paragraph shall be distributed as 50 percent as commissions to the racing association and 50 percent as purses to the horsemen participating in the racing meeting. Further, satellite wagering facilities located at fairs may, but are not required to, accept an audiovisual signal on out-of-state or out-of-country races unless the facility is open for business at the time and accepting wagers on other signals pursuant to this chapter.

SEC. 3. The amendments to Section 19601 of the Business and Professions Code made by this act relate to the sending and

1 *receipt of an audiovisual signal for nonthoroughbred races.*
2 *Section 19601 provides for the receipt, sending, and wagering*
3 *on, of satellite signals of thoroughbred racing. The amendments*
4 *to Section 19601 made by this act are intended to authorize and*
5 *require, as applicable, the receipt of, sending of, and wagering*
6 *on, audiovisual signals of nonthoroughbred racing, particularly*
7 *during times when two nonthoroughbred racing associations are*
8 *conducting racing at the same time. The amendments made by*
9 *this act require acceptance of the audiovisual signal by each*
10 *nonthoroughbred association for the purpose of wagering, and*
11 *require the payment of a fee in connection with that wagering.*